

Vaisala Corporation
Interim Report January-March 2016
April 26, 2016



Vaisala Corporation

Interim Report

April 26, 2016 at 2.00 p.m. (EET)

Vaisala Corporation Interim Report January-March 2016

In the first quarter 2016, net sales increased by 17% to EUR 68.7 million and operating result improved by EUR 6.6 million to EUR -1.0 (-7.7) million. Vaisala updates its operating result estimate to include restructuring expenses of EUR 3 million.

January-March 2016 highlights

- Orders received EUR 64.8 (68.9) million, decrease 6%
- Order book EUR 121.9 (137.5) million, decrease 11%
- Net sales EUR 68.7 (58.7) million, increase 17%
- Gross margin 51.0% (44.8%)
- Operating result EUR -1.0 (-7.7) million
- Earnings per share EUR -0.12 (-0.15)
- Cash flow from operating activities EUR -0.6 (6.3) million
- Cash and cash equivalents EUR 57.0 (54.7) million, increase 4%
- Vaisala updates its business outlook for 2016 to include restructuring expenses in the operating result estimate. Vaisala continues to estimate its full year 2016 net sales to be in the range of EUR 305–335 million. Vaisala estimates its operating result (EBIT) to be in the range of EUR 25–35 million. Previous business outlook from February 10, 2016: Vaisala estimates its full year 2016 net sales to be in the range of EUR 305-335 million and the operating result (EBIT) excluding non-recurring items in the range of EUR 28-38 million.

Vaisala's President and CEO Kjell Forsén comments on first quarter 2016

“Vaisala's first quarter net sales were all-time high for the period. Net sales grew to EUR 68.7 million which corresponds to 17% increase compared to previous year. Net sales growth was strongest in Americas. This is an outstanding achievement since the first quarter of the year is typically slow for Vaisala. Weather Business Area's net sales growth was spectacular 20% and net sales reached EUR 44.7 million following especially high product deliveries. Controlled Environment Business Area's net sales grew in all regions and was strongest in APAC. The year-on-year growth was 12% bringing Controlled Environment Business Area's net sales to EUR 24.0 million.

Orders received, however, had a slow start in the first quarter and decreased by 6% totaling EUR 64.8 million. The decline was due to Weather Business Area's order intake decreasing by 10%, whereas Controlled Environment Business Area's orders received grew by 1%. Order book declined by 11% to EUR 121.9 million as a result of excellent net sales and slow order intake.

Vaisala's first quarter operating result was EUR -1.0 million. However, this is a significant improvement of EUR 6.6 million from previous year especially when this includes EUR 3.1 million expenses related to the restructuring of Transportation business unit. The main drivers for operating result increase were higher sales volumes and related improvement in scale economies, and well evolving product profitability.

Vaisala's market outlook is generally stable. However, in many emerging countries the situation remains uncertain and this is expected to impact adversely on governmental finances and delay public customers' decision making. Business opportunities in oil and gas related businesses are expected to remain weak

throughout the year due to low crude oil prices. In renewable energy market outlook is positive. Also market outlook for industrial measurement solutions is solid.

Vaisala updates its business outlook for 2016 and includes restructuring expenses in the operating result estimate. Vaisala continues to estimate its full year 2016 net sales to be in the range of EUR 305–335 million. Vaisala estimates its operating result (EBIT) to be in the range of EUR 25–35 million.”

Key Figures

| | 1-3/2016 | 1-3/2015 | 1-12/2015 |
|--|----------|----------|-----------|
| Orders received, EUR million | 64.8 | 68.9 | 320.0 |
| Order book, EUR million | 121.9 | 137.5 | 129.2 |
| Net sales, EUR million | 68.7 | 58.7 | 318.5 |
| Gross profit, EUR million | 35.0 | 26.3 | 162.8 |
| Gross margin, % | 51.0 | 44.8 | 51.1 |
| Operating expenses, EUR million | 33.1 | 32.2 | 131.9 |
| Operating result, EUR million | -1.0 | -7.7 | 29.6 |
| Operating result, % | -1.5 | -13.1 | 9.3 |
| Profit (loss) before taxes, EUR million | -2.7 | -3.7 | 33.0 |
| Profit (loss) for the period, EUR million | -2.1 | -2.8 | 27.5 |
| Earnings per share, EUR | -0.12 | -0.15 | 1.52 |
| Return on equity, % | -4.7 | -6.9 | 15.7 |
| Capital expenditure, EUR million | 1.1 | 0.9 | 8.3 |
| Depreciation, EUR million | 3.7 | 3.9 | 15.1 |
| Cash flow from operating activities, EUR million | -0.6 | 6.3 | 38.8 |
| Cash and cash equivalents, EUR million | 57.0 | 54.7 | 59.2 |

Market situation in January-March 2016

In the first quarter 2016, global economic growth continued to decelerate slightly. Low commodity prices have affected governmental finances of many emerging countries and weakened demand from public customers. In developed economies market environment remained stable.

In EMEA difficult economic conditions in particular in CIS countries delayed customer decision making for new business in weather observation market, especially in weather radar and oil and gas related maritime businesses. Vaisala’s deliveries were nevertheless stable in the first quarter. In Middle East and Africa weather observation market deliveries increased and customer activity was stable for new orders. Industrial measurement solution market conditions remained favorable in EMEA.

In Americas weather observation market conditions were two-fold in the first quarter 2016. In North America economic growth and governmental funding remained stable and Vaisala’s deliveries were strong due to good inflow of new orders in 2015. Weather observation market activity for new orders was not growing, but at the same time renewable energy markets in North America were active. On the other hand, in Latin America weather observation market environment was weak in particular due to the challenging situation in the largest economy Brazil. Demand for industrial measurement solutions in Americas was stable.

In APAC demand for Vaisala's weather observation and industrial measurement solutions was not affected by economic uncertainty in China. Weather observation market deliveries were good and customer activity for orders remained solid. Favorable market conditions for industrial measurement solutions continued in Japan, and demand for Vaisala's offering developed well also in China. In rest of APAC market environment for industrial measurement solutions was stable.

January-March 2016 performance

Orders received

| EUR million | 1-3/2016 | 1-3/2015 | Change, % | 1-12/2015 |
|------------------------|-------------|-------------|-----------|--------------|
| Weather | 40.9 | 45.3 | -10 | 225.6 |
| Controlled Environment | 23.9 | 23.6 | 1 | 94.4 |
| Total | 64.8 | 68.9 | -6 | 320.0 |

In the first quarter 2016, Vaisala's orders received were EUR 64.8 (68.9) million and decreased by 6% compared to previous year. The decrease came from EMEA and Americas.

In the first quarter 2016, Weather Business Area's orders received were EUR 40.9 (45.3) million and decreased by 10% compared to previous year. The decrease came from Meteorology Infrastructure and Transportation business units. The EUR 20 million contract with National Hydro-Meteorological Service of Vietnam is not included in orders received for the first quarter as the order will be added in order book when the customer has given the final approval for the technical design.

In the first quarter 2016, Controlled Environment Business Area's orders received were EUR 23.9 (23.6) million and increased by 1% compared to previous year. The increase came from APAC and EMEA.

Order book

| EUR million | 1-3/2016 | 1-3/2015 | Change, % | 2015 |
|------------------------|--------------|--------------|------------|--------------|
| Weather | 115.2 | 129.7 | -11 | 122.2 |
| Controlled Environment | 6.8 | 7.8 | -13 | 7.0 |
| Total | 121.9 | 137.5 | -11 | 129.2 |

At the end of March 2016, Vaisala's order book was EUR 121.9 (137.5) million and decreased by 11%. The order book decreased in all geographic areas. Of the order book EUR 83.6 (88.4) million will be delivered in 2016.

At the end of March 2016, Weather Business Area's order book was EUR 115.2 (129.7) million and decreased by 11% compared to previous year. Order book decreased in Meteorology Infrastructure business unit. Of the order book EUR 77.1 (80.8) million will be delivered in 2016.

At the end of March 2016, Controlled Environment Business Area's order book was EUR 6.8 (7.8) million and decreased by 13% compared to previous year. Order book decreased in Americas and EMEA. Of the order book EUR 6.4 (7.6) million will be delivered in 2016.

Net sales by business area

| EUR million | 1-3/2016 | 1-3/2015 | Change, % | 2015 |
|------------------------|-------------|-------------|-----------|--------------|
| Weather | 44.7 | 37.2 | 20 | 225.5 |
| Products | 25.8 | 18.9 | 36 | 116.2 |
| Projects | 9.9 | 9.5 | 4 | 71.0 |
| Services | 8.9 | 8.7 | 2 | 38.3 |
| Controlled Environment | 24.0 | 21.5 | 12 | 93.0 |
| Products | 21.3 | 19.3 | 10 | 83.5 |
| Services | 2.7 | 2.2 | 25 | 9.5 |
| Total | 68.7 | 58.7 | 17 | 318.5 |

Net sales by region

| EUR million | 1-3/2016 | 1-3/2015 | Change, % | 2015 |
|--------------|-------------|-------------|-----------|--------------|
| EMEA | 21.6 | 19.4 | 11 | 105.1 |
| Americas | 29.5 | 21.4 | 38 | 132.0 |
| APAC | 17.6 | 17.8 | -1 | 81.3 |
| Total | 68.7 | 58.7 | 17 | 318.5 |

In the first quarter 2016, Vaisala's net sales were EUR 68.7 (58.7) million and increased by 17% compared to previous year. Vaisala's net sales in EMEA were EUR 21.6 (19.4) million and increased by 11%, in the Americas EUR 29.5 (21.4) million and increased by 38% and in APAC EUR 17.6 (17.8) million and decreased by 1%. At comparable exchange rates net sales would have been EUR 67.2 (58.7) million and increase would have been EUR 8.5 million or 15% from previous year. The positive exchange rate effect was EUR 1.5 million, which was mainly caused by USD exchange rate appreciation against EUR.

In the first quarter 2016, Weather Business Area's net sales were EUR 44.7 (37.2) million and increased by 20% compared to previous year. The increase came from all business units, mainly from Meteorology Infrastructure. Especially product business increased. At comparable exchange rates the net sales would have been EUR 43.9 (37.2) million and increase would have been EUR 6.7 million or 18% from previous year. The positive exchange rate effect was EUR 0.8 million, which was mainly caused by USD appreciation against EUR.

In the first quarter 2016, Controlled Environment Business Area's net sales were EUR 24.0 (21.5) million and increased by 12% compared to previous year. The growth came from all regions, mainly from APAC. At comparable exchange rates the net sales would have been EUR 23.3 (21.5) million and increase would have been EUR 1.8 million or 9% from previous year. The positive exchange rate effect was EUR 0.7 million, which was mainly caused by USD and JPY appreciation against EUR.

Operations outside Finland accounted for 98% (98%) of net sales.

Gross margin and operating result

| | 1-3/2016 | 1-3/2015 | 2015 |
|-------------------------------|----------|----------|-------|
| Gross margin, % | 51.0% | 44.8% | 51.1% |
| Weather | 45.8% | 37.4% | 47.4% |
| Controlled Environment | 60.8% | 57.9% | 60.4 |
| Operating result, EUR million | -1.0 | -7.7 | 29.6 |
| Weather | -1.9 | -8.7 | 15.2 |
| Controlled Environment | 4.9 | 3.3 | 18.3 |
| Other | -4.1 | -2.3 | -4.0 |

In the first quarter 2016, Vaisala's operating result was EUR -1.0 (-7.7) million and improved by EUR 6.6 million compared to previous year. Operating result increase was due to higher net sales and gross margin in both Weather and Controlled Environment Business Areas. Gross margin was 51.0% (44.8%) and the increase was mainly due to higher sales volumes and related improvement in scale economies, higher product profitability in Weather Business Area as well as improved profitability in calibration and repair services. Operating expenses were EUR 33.1 (32.2) million and increased by 3%. The increase came mainly from higher research and development expenses as well as USD based expenses growing due to USD appreciation against EUR. In addition, operating result was decreased by EUR 3.1 million expenses related to the restructuring of Transportation business unit.

In the first quarter 2016, Weather Business Area's operating result was EUR -1.9 (-8.7) million and improved by EUR 6.8 million compared to previous year. Operating result increase was mainly due to higher net sales and gross margin. Gross margin was 45.8% (37.4%) and the increase was mainly due to higher sales volumes and related improvement in scale economies as well as improved product profitability. Operating expenses were EUR 22.4 (22.6) million and decreased by 1%. The decrease came mainly from lower administration expenses.

In the first quarter 2016, Controlled Environment Business Area's operating result was EUR 4.9 (3.3) million and improved by EUR 1.6 million compared to previous year. Operating result increase was due to higher net sales and gross margin. Gross margin was 60.8% (57.9%) and the increase was mainly due to improved profitability in calibration and repair services, impact of USD and JPY appreciation against EUR as well as higher sales volumes and related improvement in scale economies. Operating expenses were EUR 9.6 (9.1) million and increased by 6%. The increase came mainly from higher research and development expenses.

In the first quarter 2016, financial income and expenses were EUR -1.7 (4.0) million. The decrease is mainly due to foreign exchange losses related to valuation of USD denominated receivables.

In the first quarter 2016, profit/loss before taxes was EUR -2.7 (-3.7) million. Income taxes were EUR 0.6 (0.9) million. Net result was EUR -2.1 (-2.8) million.

In the first quarter 2016, earnings per share were EUR -0.12 (-0.15).

Statement of financial position and cash flow

Vaisala's financial position remained strong at the end of the March 2016. Cash and cash equivalents amounted to EUR 57.0 (54.7) million at the end of March 2016 and Vaisala did not have any material interest bearing liabilities.

The statement of financial position total was EUR 259.7 (255.5) million. Compared to the end of March 2015 assets increased mainly due to higher accounts receivable following net sales growth. Liabilities increased as retained earnings increased by EUR 28.6 million. Trade and other payables decreased by EUR 19.2 million mainly because dividend for 2016 was decided in April 2016 and is therefore not recognized as a liability in March 31, 2016.

In January-March 2016, Vaisala's cash flow from operating activities was EUR -0.6 (6.3) million despite the considerable profitability improvement year-on-year. The weakening of cash flow compared to the previous year was mainly due to working capital as trade receivables increased following net sales growth.

Capital expenditure and divestments

In January-March 2016, gross capital expenditure totaled EUR 1.1 (0.9) million. Capital expenditure was mainly related to investments in machinery and equipment to develop and maintain Vaisala's production and service operations. Depreciation and amortization was EUR 3.7 (3.9) million.

Research and development

In January-March 2016, research and development expenses totaled EUR 9.5 (8.5) million, representing 13.9% (14.5%) of net sales.

R&D by business area

| EUR million | 1-3/2016 | 1-3/2015 | Change, % | 2015 |
|------------------------|----------|----------|-----------|------|
| Weather | 6.7 | 6.3 | 7 | 26.7 |
| Controlled Environment | 2.8 | 2.2 | 28 | 9.4 |
| Total | 9.5 | 8.5 | 12 | 36.1 |

In January-March 2016, Weather Business Area R&D expenses were 15.1% (17.0%) of net sales. Controlled Environment Business Area R&D expenses were 11.6% (10.1%) of net sales.

Personnel

The average number of personnel employed in Vaisala during January-March 2016 was 1,582 (1,608). The number of employees at the end of March 2016 was 1,579 (1,594). At the end of 2015, the number of employees was 1,588.

At the end of March 2016, 41% (43%) of employees were based outside Finland.

Vaisala to exit certain Transportation products and field services

Vaisala made the decision on February 10, 2016 to reshape its Transportation business unit within Weather Business Area to simplify structure and improve profitability. Going forward, Transportation business unit will focus on product leadership, delivery capability and expansion of information services in order to drive growth, profitability and customer focus.

Transportation business unit will exit the field service business in all countries except the United Kingdom as Vaisala's field service offering is no longer competitive in those countries due to increasing price pressure.

Transportation business unit will also exit the United States Automated Weather Observing System (U.S. AWOS) business. The U.S. AWOS is based on unique technology designed solely for the U.S. Federal Aviation Administration (FAA) regulated small airport markets and it differs from Vaisala's common technology platform.

Transportation divestment process is currently ongoing and deal closure is expected to take place within 2016. The changes are expected to lead to a reduction of approximately 60 employees mainly in the United States. During the first quarter 2016, the reduction of employees was 7. Estimated annual cost savings are EUR 6 million and they are expected to contribute to 2017 profitability. The related restructuring expenses are reported in this first quarter 2016 Interim Report and are EUR 3.1 million.

Near-term risks and uncertainties

Uncertainties in world economic and political situation as well as changes in customer behavior may cause demand slowdown or delays in customer projects. Especially market situation in China, Brazil and continuing conflicts in Middle East and Africa may cause interruptions in business. Also increasing competition, changes in price levels and exchange rates may impact Vaisala's net sales and profitability.

Vaisala's capability to successfully complete investments, acquisitions, divestments and restructurings on a timely basis and to achieve related financial and operational targets represent a risk which may impact net sales and profitability.

The ongoing business expansion in renewable energy market may be delayed due to long authorization and approval processes, evolving business models and customers' postponing decision making. Delays in new product ramp-ups and market acceptance of new offering may postpone the realization of Vaisala's growth plans.

Suppliers' and subcontractors' delivery capability or operating environment as well as product quality may impact Vaisala's net sales and profitability. Cyber risk and availability of IT systems may impact operations, delivery of information services or Internet-based services or cause financial loss.

Further information about risk management and risks are available on the company website at www.vaisala.com/investors, Corporate Governance and www.vaisala.com/investors, Vaisala as an Investment.

Decisions by Vaisala Corporation's Annual General Meeting

Vaisala Corporation's Annual General Meeting was held on April 5, 2016. The meeting approved the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial period January 1–December 31, 2015.

Dividend

The Annual General Meeting decided a dividend of EUR 0.95 per share, corresponding to the total of EUR 17.1 million. The record date for the dividend payment was April 7, 2016 and the payment date was April 14, 2016.

Board of Directors

The Annual General Meeting confirmed that the number of Board members is seven. Petra Lundström, Yrjö Neuvo, Mikko Niinivaara, Pertti Torstila, Raimo Voipio and Ville Voipio will continue as members of the Board of Directors. Kaarina Ståhlberg was elected as a new member of the Board of Directors.

The Annual General Meeting confirmed that that the annual fee payable to the Chairman of the Board of Directors is EUR 45,000 and each Board member EUR 35,000 per year. Approximately 40 percent of the annual remuneration will be paid in Vaisala Corporation's A-shares acquired from the market and the rest in cash. In addition, the Annual General Meeting confirmed that the compensation for the Chairman of the Audit Committee would be EUR 1,500 per attended meeting and EUR 1,000 for each member of the Audit Committee and Chairman and each member of the Remuneration and HR Committee and any other committee established by the Board of Directors for a term until the close of the Annual General Meeting in 2017. The meeting compensation fees are paid in cash.

Auditor

The Annual General Meeting re-elected Deloitte & Touche Oy as the auditor of the Company and APA Merja Itäniemi will act as the auditor with the principal responsibility. The Auditors are reimbursed according to invoice presented to the company.

Authorization for the directed repurchase of own A-shares

The Annual General Meeting authorized the Board of Directors to decide on the directed repurchase of a maximum of 200,000 of the Company's own A-shares in one or more instalments with funds belonging to the Company's unrestricted equity. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than October 5, 2017.

Authorization on the issuance of the Company's own A-shares

The Annual General Meeting authorized the Board of Directors to decide on the issuance of a maximum of 391,550 Company's own A-shares. The issuance of own shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The subscription price of the shares can instead of cash also be paid in full or in part as contribution in kind. The authorization is valid until April 5, 2021.

The organizing meeting of the Board of Directors

At its organizing meeting held after the Annual General Meeting the Board elected Raimo Voipio to continue as the Chairman of the Board of Directors and Yrjö Neuvo to continue as the Vice Chairman.

The composition of the Board committees was decided to be as follows:

Kaarina Ståhlberg was elected as the Chairman and Petra Lundström and Mikko Niinivaara as members of the Audit Committee. The Chairman and all members of the Audit Committee are independent both of the Company and of significant shareholders.

Raimo Voipio was elected as the Chairman and Yrjö Neuvo and Mikko Niinivaara as members of the Remuneration and HR Committee. Raimo Voipio is independent of the Company. Yrjö Neuvo and Mikko Niinivaara are independent both of the Company and of significant shareholders.

Vaisala's shares and shareholders

Vaisala's share capital totaled EUR 7,660,808 on March 31, 2016. On March 31, 2016, Vaisala had 18,218,364 shares, of which 3,389,351 are series K shares and 14,829,013 are series A shares. The K shares and A shares are differentiated by the fact that each K share entitles its owner to 20 votes at a General Meeting of Shareholders while each A share entitles its owner to 1 vote. The A shares represent 81.4% of the total number of shares and 17.9% of the total votes. The K shares represent 18.6% of the total number of shares and 82.1% of the total votes.

Trading in shares on the Nasdaq Helsinki Ltd

In January-March 2016, a total of 545,854 (675,650) Vaisala shares with a value totaling EUR 13.0 (16.4) million were traded on the Nasdaq Helsinki Ltd. The closing price of the Vaisala Corporation share on the Nasdaq Helsinki Ltd stock exchange in March 2016 was EUR 24.06 (26.10). Shares registered a high of EUR 25.00 (27.02) and a low of EUR 21.81 (21.55).

The market value of Vaisala's A shares on March 31, 2016 was EUR 352.2 (387.0) million, excluding the Company's treasury shares. Valuing the K shares – which are not traded on the stock market – at the rate of the A share's closing price on the last day of March, the total market value of all the A and K shares together was EUR 433.7 (474.7) million, excluding the Company's treasury shares. At the end of March 2016, the Company held a total of 191,550 Vaisala A shares, which represented 1.3% of all A-shares in the Company and 1.1% of all shares in the Company.

At the end of March, 2016 Vaisala Corporation had 7,538 (7,307) registered shareholders. Ownership outside of Finland and nominee registrations represented 14.81% (17.80%) of the company's shares. Households owned 41.11% (45.57%), private companies 14.02% (12.90%), financial and insurance institutions 12.11% (9.98%), non-profit organizations 11.86% (8.12%) and public sector organizations owned 6.07% (5.60%).

More information about Vaisala's share and shareholders are presented on the website, www.vaisala.com/investors.

Vaisala's dividend policy

Vaisala's Board of Directors decided on February 10, 2016 on Vaisala's dividend policy. According to the policy, Vaisala aims to pay a stable dividend which will increase in line with net profit development. Vaisala's goal is to maintain high solvency and to take future investment plans into account.

Vaisala applied this dividend policy for the first time to the dividend distributed on April 14, 2016.

Market outlook 2016

Even though global economic growth has recently slightly decelerated, market outlook for Vaisala is generally stable. However, in many emerging countries situation remains uncertain and this is expected to impact adversely on governmental finances and delay public customers' decision making. Business opportunities in oil and gas related businesses are expected to remain weak throughout the year due to low

crude oil prices. In renewable energy market outlook is positive. Also market outlook for industrial measurement solutions is solid.

In EMEA outlook for weather observation solutions is stable. However, economic challenges due to strong dependency on crude oil continue to slow down customers' decision making in CIS countries. Demand for industrial measurement solutions is expected to remain solid.

In North America demand for weather observation solutions is expected to decrease slightly from 2015. Vaisala's deliveries are estimated to be on similar level as in 2015, supported by strong inflow of new orders from renewable energy and transportation markets in late 2015. Weather observation market is expected to remain weak in Latin America. Demand for industrial measurement solutions is expected to remain on previous year's level in Americas.

In APAC demand for weather observation solutions is expected to increase from 2015. In China demand is expected to be stable. In rest of APAC demand is expected to grow from 2015 especially in transportation and renewable energy businesses. Market conditions for industrial measurement solutions are also expected to remain solid.

Business outlook for 2016

Vaisala updates its business outlook for 2016 and includes restructuring expenses in the operating result estimate. Vaisala continues to estimate its full year 2016 net sales to be in the range of EUR 305–335 million. Vaisala estimates its operating result (EBIT) to be in the range of EUR 25–35 million.

Previous business outlook from February 10, 2016

Vaisala estimates its full year 2016 net sales to be in the range of EUR 305-335 million and the operating result (EBIT) excluding non-recurring items in the range of EUR 28-38 million.

Vantaa, April 26, 2016

Vaisala Corporation
Board of Directors

The forward-looking statements in this release are based on the current expectations, known factors, decisions and plans of Vaisala's management. Although the management believes that the expectations reflected in these forward-looking statements are reasonable, there is no assurance that these expectations would prove to be correct. Therefore, the results could differ materially from those implied in the forward-looking statements, due to for example changes in the economic, market and competitive environments, regulatory or other government-related changes, or shifts in exchange rates.

Financial information and changes in accounting policies

This interim financial report has been prepared in accordance with IAS 34, Interim Financial Reporting, following the same accounting policies and principles as in the annual financial statements for 2015. All figures in the interim report are Group figures. All presented figures have been rounded and consequently the sum of individual figures may deviate from the sum presented.

The preparation of the financial statements in accordance with IFRS requires Vaisala's management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and the recognition of income and expenses in the statement of income. Although the estimates are based on the management's best knowledge at the date of the interim report, actual results may differ from the estimates. The interim financial report is unaudited.

| Consolidated Statement of Income | | | |
|---|-----------------|-----------------|------------------|
| EUR million | 1-3/2016 | 1-3/2015 | 1-12/2015 |
| Net sales | 68.7 | 58.7 | 318.5 |
| Costs of sales | -33.7 | -32.5 | -155.6 |
| Gross profit | 35.0 | 26.3 | 162.8 |
| Sales, marketing and administrative costs | -23.5 | -23.7 | -95.8 |
| Research and development costs | -9.5 | -8.5 | -36.1 |
| Other operating income and expense | -3.0 | -1.8 | -1.3 |
| Operating profit (loss) | -1.0 | -7.7 | 29.6 |
| Share of result in associated companies | - | - | -0.1 |
| Financial income and expenses, net | -1.7 | 4.0 | 3.5 |
| Profit (loss) before taxes | -2.7 | -3.7 | 33.0 |
| Income taxes | 0.6 | 0.9 | -5.5 |
| Profit (loss) for the period | -2.1 | -2.8 | 27.5 |
| Earnings per share, EUR | -0.12 | -0.15 | 1.52 |
| Diluted earnings per share, EUR | -0.12 | -0.15 | 1.51 |

| Consolidated Statement of Comprehensive Income | | | |
|--|-----------------|-----------------|------------------|
| EUR million | 1-3/2016 | 1-3/2015 | 1-12/2015 |
| Items that will not be reclassified to profit or loss | | | |
| Actuarial profit (loss) on post-employment benefits | 0.0 | 0.0 | 0.4 |
| Total | 0.0 | 0.0 | 0.4 |
| Items that may be reclassified subsequently to profit or loss | | | |
| Currency translation differences | -1.3 | 3.9 | 3.1 |
| Total | -1.3 | 3.9 | 3.1 |
| Total other comprehensive income | -1.3 | 3.9 | 3.5 |
| Total comprehensive income | -3.4 | 1.1 | 31.0 |

| Consolidated Statement of Financial Position | | | |
|---|---------------------------|---------------------------|------------------------------|
| EUR million | | | |
| Assets | March 31, 2016 | March 31, 2015 | December 31, 2015 |
| Non-current assets | | | |
| Intangible assets | 31.4 | 38.6 | 34.0 |
| Property, plant and equipment | 42.5 | 44.6 | 44.1 |
| Investments | 0.1 | 0.1 | 0.1 |
| Investment in associated companies | 0.8 | 0.9 | 0.8 |
| Long-term receivables | 0.8 | 0.3 | 0.8 |
| Deferred tax assets | 11.1 | 11.5 | 10.2 |
| Total non-current assets | 86.6 | 95.9 | 90.0 |
| Current assets | | | |
| Inventories | 40.5 | 40.4 | 39.0 |
| Trade and other receivables | 73.3 | 63.1 | 74.6 |
| Income tax receivables | 2.3 | 1.5 | 1.2 |
| Cash and cash equivalents | 57.0 | 54.7 | 59.2 |
| Total current assets | 173.1 | 159.6 | 174.0 |
| Total assets | 259.7 | 255.5 | 264.0 |
| Shareholders' equity and liabilities | | | |
| | March 31, 2016 | March 31, 2015 | December 31, 2015 |
| Shareholders' equity | | | |
| Share capital | 7.7 | 7.7 | 7.7 |
| Other reserves | 1.2 | 0.7 | 1.1 |
| Cumulative translation adjustment | 1.6 | 3.6 | 2.9 |
| Treasury shares | -4.3 | -0.5 | -4.3 |
| Retained earnings | 171.8 | 143.3 | 173.9 |
| Total shareholders' equity | 178.0 | 154.8 | 181.3 |
| Non-current liabilities | | | |
| Interest-bearing liabilities | 0.0 | 0.0 | 0.0 |
| Post-employment benefit obligations | 2.1 | 1.3 | 2.1 |
| Deferred tax liabilities | 4.0 | 5.5 | 4.5 |
| Provisions for other liabilities and charges | 0.2 | 0.2 | 0.2 |
| Other long-term liabilities | 0.7 | 3.3 | 0.8 |
| Total non-current liabilities | 7.1 | 10.3 | 7.6 |
| Current liabilities | | | |
| Interest-bearing liabilities | 0.0 | 0.0 | 0.0 |

| | | | |
|---|--------------|--------------|--------------|
| Advances received | 4.8 | 4.7 | 3.9 |
| Income tax liabilities | 1.2 | 1.6 | 1.7 |
| Provisions for other liabilities and charges | 3.8 | 0.2 | 0.4 |
| Trade and other payables | 64.8 | 84.0 | 69.2 |
| Total current liabilities | 74.6 | 90.4 | 75.1 |
| Total shareholders' equity and liabilities | 259.7 | 255.5 | 264.0 |

Consolidated Statement of Changes in Shareholders' Equity

| EUR million | Share capital | Other reserves | Treasury shares | Translation adjustment | Retained earnings | Total |
|--------------------------------|---------------|----------------|-----------------|------------------------|-------------------|--------------|
| Balance at Jan 1, 2015 | 7.7 | 2.5 | -2.5 | -0.2 | 162.6 | 170.0 |
| Profit (loss) for the period | | | | | -2.8 | -2.8 |
| Other comprehensive income | | 0.1 | | 3.8 | | 3.9 |
| Dividend paid | | | | | -16.4 | -16.4 |
| Sale of treasury shares | | | 2.1 | | -2.1 | 0.0 |
| Share-based payment | | -1.8 | | | 1.9 | 0.1 |
| Balance at Mar 31, 2015 | 7.7 | 0.7 | -0.5 | 3.6 | 143.3 | 154.8 |

| EUR million | Share capital | Other reserves | Treasury shares | Translation adjustment | Retained earnings | Total |
|--------------------------------|---------------|----------------|-----------------|------------------------|-------------------|--------------|
| Balance at Jan 1, 2016 | 7.7 | 1.1 | -4.3 | 2.9 | 173.9 | 181.3 |
| Profit (loss) for the period | | | | | -2.1 | -2.1 |
| Other comprehensive income | | 0.0 | | -1.3 | | -1.3 |
| Share-based payment | | 0.1 | | | | 0.1 |
| Balance at Mar 31, 2016 | 7.7 | 1.2 | -4.3 | 1.6 | 171.8 | 178.0 |

| Consolidated Cash Flow Statement | | | |
|--|-----------------|-----------------|------------------|
| EUR million | 1-3/2016 | 1-3/2015 | 1-12/2015 |
| Cash flows from operating activities | | | |
| Cash receipts from customers | 84.7 | 82.5 | 325.4 |
| Other income from business operations | 0.0 | -1.8 | -1.4 |
| Cash paid to suppliers and employees | -81.2 | -75.2 | -277.1 |
| Financials paid, net | -1.5 | 1.9 | -1.0 |
| Income taxes paid, net | -2.6 | -1.1 | -7.2 |
| Cash flow from operating activities | -0.6 | 6.3 | 38.8 |
| Cash flows from investing activities | | | |
| Capital expenditure on fixed assets | -1.1 | -0.9 | -8.3 |
| Divestments | 0.0 | 0.0 | 0.2 |
| Cash flow from investing activities | -1.1 | -0.9 | -8.1 |
| Cash flows from financing activities | | | |
| Dividends paid | - | - | -16.4 |
| Purchase of treasury shares | - | - | -3.9 |
| Change in loan receivables | 0.0 | 0.0 | 0.0 |
| Change in leasing liabilities | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | 0.0 | 0.0 | -20.2 |
| Cash and cash equivalents at the beginning of period | 59.2 | 47.6 | 47.6 |
| Net increase (+) / decrease (-) in cash and cash equivalents | -1.7 | 5.4 | 10.5 |
| Effect from changes in exchange rates | -0.4 | 1.7 | 1.0 |
| Cash and cash equivalents at the end of period | 57.0 | 54.7 | 59.2 |

Notes for Report

Orders Received by Business Area

| EUR million | 1-3/2016 | 1-3/2015 | 1-12/2015 |
|------------------------|-------------|-------------|--------------|
| Weather | 40.9 | 45.3 | 225.6 |
| Controlled Environment | 23.9 | 23.6 | 94.4 |
| Total | 64.8 | 68.9 | 320.0 |

Net Sales by Business Area

| EUR million | 1-3/2016 | 1-3/2015 | 1-12/2015 |
|------------------------|-------------|-------------|--------------|
| Weather | | | |
| Products | 25.8 | 18.9 | 116.2 |
| Projects | 9.9 | 9.5 | 71.0 |
| Services | 8.9 | 8.7 | 38.3 |
| Total | 44.7 | 37.2 | 225.5 |
| Controlled Environment | | | |
| Products | 21.3 | 19.3 | 83.5 |
| Services | 2.7 | 2.2 | 9.5 |
| Total | 24.0 | 21.5 | 93.0 |
| Sales, Other | 0.0 | 0.0 | 0.0 |
| Total Sales | 68.7 | 58.7 | 318.5 |

Operating Result by Business Area

| EUR million | 1-3/2016 | 1-3/2015 | 1-12/2015 |
|------------------------|-------------|-------------|-------------|
| Weather | -1.9 | -8.7 | 15.2 |
| Controlled Environment | 4.9 | 3.3 | 18.3 |
| Other | -4.1 | -2.3 | -4.0 |
| Total | -1.0 | -7.7 | 29.6 |

Net Sales by Geographical Area

| EUR million | 1-3/2016 | 1-3/2015 | 1-12/2015 |
|--------------|-------------|-------------|--------------|
| EMEA | 21.6 | 19.4 | 105.1 |
| Americas | 29.5 | 21.4 | 132.0 |
| APAC | 17.6 | 17.8 | 81.3 |
| Total | 68.7 | 58.7 | 318.5 |

| Personnel | | | |
|--------------------------------|-----------------|-----------------|------------------|
| | 1-3/2016 | 1-3/2015 | 1-12/2015 |
| Average personnel | 1,582 | 1,608 | 1,611 |
| Personnel at the end of period | 1,579 | 1,594 | 1,588 |

| Financial Instruments | | | |
|--|-----------------|-----------------|------------------|
| | 1-3/2016 | 1-3/2015 | 1-12/2015 |
| Nominal value of financial derivatives, EUR million | 24.7 | 21.2 | 36.5 |
| Fair values of financial derivatives, assets, EUR million | 0.7 | 0.0 | 0.1 |
| Fair values of financial derivatives, liabilities, EUR million | 0.1 | 2.5 | 0.8 |

Financial derivatives consist solely of foreign currency forwards and they are measured based on price information derived from active markets and commonly used valuation methods (Fair value hierarchy 2). Financial contracts are executed only with counterparties that have high credit ratings.

| Share Information | | | |
|--|-----------------|-----------------|------------------|
| | 1-3/2016 | 1-3/2015 | 1-12/2015 |
| Number of shares outstanding, thousand | 18,027 | 18,187 | 18,027 |
| Number of treasury shares, thousand | 192 | 32 | 192 |
| Number of shares, diluted, thousand | 18,180 | 18,232 | 18,259 |
| Number of shares, weighted average, thousand | 18,027 | 18,085 | 18,103 |
| Number of shares traded, thousand | 546 | 676 | 2,508 |
| Share price, highest, EUR | 25.00 | 27.02 | 27.02 |
| Share price, lowest, EUR | 21.81 | 21.55 | 21.55 |

| Key Ratios | | | |
|--|-----------------|-----------------|------------------|
| | 1-3/2016 | 1-3/2015 | 1-12/2015 |
| Earnings per share, EUR | -0.12 | -0.15 | 1.52 |
| Earnings per share, diluted, EUR | -0.12 | -0.15 | 1.51 |
| Equity per share, EUR | 9.87 | 8.51 | 10.06 |
| Return on equity, % | -4.7 | -6.9 | 15.7 |
| Cash flow from operating activities per share, EUR | -0.03 | 0.35 | 2.15 |
| Solvency ratio, % | 69.8 | 61.7 | 69.7 |

Further information

Kaarina Muurinen, CFO
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 Vaisala Corporation

Telephone conference and Audiocast

An English-language conference call for investors and analysts will be held today, April 26, 2016 at 4:00 p.m. (Finnish time).

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Live audiocast of the presentation by Kjell Forsén, President and CEO will start at 4:00 p.m. and will be available at www.vaisala.com/investors. A recording will be published at the same address at about 6:00 p.m.

Half year financial report

Vaisala will publish its half year financial report 2016 on Thursday, July 21, 2016 at approximately 2:00 p.m. Finnish time.

Capital Markets Day

Vaisala will held its Capital Markets Day at Vaisala's head office, Vanha Nurmi­järventie 21, Vantaa on Wednesday, May 11, 2016 from 11:30 a.m. till 3.30 p.m. At the event, Vaisala's top management will provide an update on the company's business, development projects and near-term business priorities. A more detailed program of the Capital Markets Day will be available on Vaisala's website at www.vaisala.com/investors by May 2, 2016.

Distribution

Nasdaq Helsinki

Key media

www.vaisala.com

Vaisala is a global leader in environmental and industrial measurement. Building on 80 years of experience, Vaisala contributes to a better quality of life by providing a comprehensive range of innovative observation and measurement products and services for chosen weather-related and industrial markets. Headquartered in Finland, Vaisala employs approximately 1,600 professionals worldwide and is listed on the Nasdaq Helsinki stock exchange. www.vaisala.com www.twitter.com/VaisalaGroup